

ND RETIREMENT AND INVESTMENT OFFICE
Combined Balance Sheet
As of 6/30/2003

	As of <u>6-30-03</u>	As of <u>6-30-02</u>
ASSETS:		
INVESTMENTS (AT MARKET)		
DOMESTIC EQUITIES	\$ 1,293,274,762	\$ 1,172,921,967
INTERNATIONAL EQUITIES	560,765,217	519,746,145
DOMESTIC FIXED INCOME	1,136,499,399	1,194,301,653
INTERNATIONAL FIXED INCOME	110,380,109	130,429,525
REAL ESTATE POOL	168,299,583	163,084,869
VENTURE CAPITAL	103,782,691	72,539,115
INVESTED CASH (NOTE 1)	<u>80,246,521</u>	<u>66,676,997</u>
 TOTAL INVESTMENTS	 3,453,248,282	 3,319,700,271
 RECEIVABLES		
DIVIDEND/INTEREST RECEIVABLE	14,239,321	16,315,075
CONTRIBUTIONS/ASSESSMENTS REC	6,260,471	5,783,738
MISCELLANEOUS RECEIVABLES	<u>43,806</u>	<u>76,372</u>
 TOTAL RECEIVABLES	 20,543,598	 22,175,185
 OTHER ASSETS		
INVESTED SECURITIES LENDING COLLATERAL (NOTE 2)	264,424,819	262,981,090
OPERATING CASH (NOTE 3)	7,521,244	7,366,262
DUE FROM OTHER AGENCIES (NOTE 4)	54,660	22,148
FIXED ASSETS (NET) (NOTE 5)	<u>3,414</u>	<u>6,003</u>
 TOTAL ASSETS	 <u><u>\$ 3,745,796,017</u></u>	 <u><u>\$ 3,612,250,959</u></u>
 LIABILITIES:		
ACCOUNTS PAYABLE	2,220,333	2,571,642
ACCRUED EXPENSES	379,377	343,095
SECURITIES LENDING COLLATERAL (NOTE 2)	264,424,819	262,981,090
DUE TO OTHER AGENCIES (NOTE 6)	<u>54,660</u>	<u>22,148</u>
 TOTAL LIABILITIES	 267,079,189	 265,917,975
 NET ASSETS AVAILABLE:		
NET ASSETS AVAILABLE BEGIN OF YEAR	3,346,332,984	3,546,640,539
CASH IN DURING YEAR (NOTE 7)	264,797,201	291,500,004
CASH OUT DURING YEAR (NOTE 8)	288,420,000	260,459,909
NET INCREASE (DECREASE)	<u>156,006,643</u>	<u>(231,347,650)</u>
 NET ASSETS AVAILABLE END OF PERIOD	 <u>3,478,716,828</u>	 <u>3,346,332,984</u>
 TOTAL LIABILITIES & NET ASSETS AVAILABLE	 <u><u>\$ 3,745,796,017</u></u>	 <u><u>\$ 3,612,250,959</u></u>

ND RETIREMENT AND INVESTMENT OFFICE
Combined Profit and Loss Statement
For the Month Ended 6/30/2003

	Month Ended 6-30-03	Year-to-Date
ADDITIONS:		
INVESTMENT INCOME		
INTEREST/DIVIDEND INCOME	\$ 7,786,970	\$ 116,767,166
SECURITIES LENDING INCOME	329,662	4,577,490
	<u>8,116,632</u>	<u>121,344,656</u>
 GAIN ON SALE OF INVESTMENTS	 34,111,055	 439,879,350
LOSS ON SALE OF INVESTMENTS	35,555,920	541,353,984
	<u></u>	<u></u>
NET GAINS (LOSSES) INVESTMENTS	(1,444,865)	(101,474,634)
 INVESTMENT EXPENSES	 455,377	 10,218,693
SECURITIES LENDING EXPENSES	254,296	3,813,400
	<u></u>	<u></u>
NET INVESTMENT INCOME	5,962,094	5,837,929
 NET APPREC (DEPREC) MARKET VALUE	 32,257,784	 160,923,281
MISCELLANEOUS INCOME/(EXPENSE)	48,971	4,274,524
	<u></u>	<u></u>
TOTAL INVESTMENT INCOME	38,268,849	171,035,734
 CONTRIBUTIONS & ASSESSMENTS (NOTE 9)	 6,593,905	 57,701,835
PURCHASED SERVICE CREDIT (NOTE 10)	577,142	2,507,168
PENALTY & INTEREST (NOTE 11)	(105)	1,143
	<u></u>	<u></u>
TOTAL ADDITIONS	45,439,791	231,245,880
 DEDUCTIONS:		
BENEFITS PAID PARTICIPANTS (NOTE 12)	6,245,356	72,044,977
REFUNDS TO MEMBER (NOTE 13)	43,940	1,729,764
	<u></u>	<u></u>
TOTAL BENEFITS PAID	6,289,296	73,774,741
 ADMINISTRATIVE EXPENSES		
SALARIES AND BENEFITS	77,555	835,210
OPERATING EXPENSES	149,748	629,286
EQUIPMENT	(1,800)	0
	<u></u>	<u></u>
TOTAL ADMINISTRATIVE EXPENSES	225,503	1,464,496
 TOTAL DEDUCTIONS	 6,514,799	 75,239,237
	<u></u>	<u></u>
NET INCREASE (DECREASE)	\$ 38,924,992	\$ 156,006,643
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ND RETIREMENT AND INVESTMENT OFFICE
Notes to Combined Financial Statement
June 30, 2003

The following notes to financial statements are intended to provide general descriptions of line items in the financial statements.

NOTE 1 INVESTED CASH

Cash invested in the short-term investment fund (STIF/STEP) at The Northern Trust Company or a money market demand account at the Bank of North Dakota.

NOTE 2 SECURITIES LENDING COLLATERAL

Securities are loaned versus collateral that may include cash, U.S. government securities and irrevocable letters of credit. U.S. securities are loaned versus collateral valued at 102% of the market value of the securities plus any interest. Non-U.S. securities are loaned versus collateral valued at 105% of the market value of the securities plus any accrued interest. Non-cash collateral cannot be pledged or sold unless the borrower defaults. Cash open collateral is invested in a short term investment pool.

NOTE 3 OPERATING CASH

Money market and checking accounts at the Bank of North Dakota and RIO's operating account at the State Treasurer's Office.

NOTE 4 DUE FROM OTHER AGENCIES

Amounts paid in anticipation of the allocation of administrative expenses of RIO.

NOTE 5 FIXED ASSETS

Office furniture and equipment capitalized by RIO, shown net of depreciation. Depreciation is calculated straight-line, over five years.

NOTE 6 DUE TO OTHER AGENCIES

Amounts received from agencies in excess of amounts allocated for RIO administrative expenses.

ND RETIREMENT AND INVESTMENT OFFICE
Notes to Combined Financial Statement
6/30/2003

NOTE 7 CASH IN DURING YEAR

Cash transferred into investment accounts at either The Northern Trust Company or the Bank of North Dakota during the current fiscal year.

NOTE 8 CASH OUT DURING YEAR

Cash transferred out of investment accounts at either The Northern Trust Company or the Bank of North Dakota during the current fiscal year.

NOTE 9 CONTRIBUTIONS & ASSESSMENTS

Assessments on teachers' salaries of 7.75 percent of salary plus a matching contribution paid by the employer unit, for a total contribution and assessment of 15.5 percent that must be remitted monthly.

NOTE 10 PURCHASED SERVICE CREDIT

Payments received on the purchase of service credit for TFFR as allowed by the North Dakota Century Code.

NOTE 11 PENALTY & INTEREST

Amounts charged to school districts for late payment or reporting of contributions and assessments.

NOTE 12 BENEFITS PAID TO PARTICIPANTS

Monthly annuity benefits paid to retired teachers on the first of each month.

NOTE 13 REFUND TO MEMBERS

Refunds of teachers' accounts who have ceased teaching in North Dakota.